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# Higher Education and the Public Good

Virginia's Experience with University Restructuring

Study Advisory Committee Meeting  
May 23, 2006



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## Goal of higher education restructuring legislation

To provide public colleges and universities with more operational and administrative autonomy in exchange for a renewed commitment to their public missions.



# Lifecycle of a public agenda and policy strategies

Development of public agenda  
and policy strategies

Institutional performance  
relative to public agenda

Certification of performance,  
financial incentives,  
and identification of gaps





## History and context

- General fund budget cuts
- Tuition controls
- Heightened political environment
- Lack of effective coordination of higher education system
- Some experience with decentralized authority





# The calculus of change

- Institutional concerns
  - + Need for reform
  - + Fortuitous alignment
- ## Restructuring





## Institutional concerns

- Lack of predictability in funding, inability to plan
- Inability to use “market strength” to meet institutional goals
- Perception of undue administrative burdens





## Need for reform

- Global economic change and increased competition
- Profound changes in population and economy
- Regional and socio-economic disparities in educational achievement
- Scarcity of resources
- Redefinition of accountability – results, not inputs





## Fortuitous alignment

- Businessman governor
- Legislative support
- Stronger boards, including reemerging SCHEV
- Institutional leadership and desire



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# Summary of legislation

- Outlines a public agenda – “state ask”
- Provides institutions with more administrative and financial autonomy in exchange for a commitment to the public agenda
- Establishes an integrated six-year planning process
- Ties financial incentives to institutional performance
- Establishes process by which institutions can gain greater autonomy over time
- <http://leg1.state.va.us/cgi-bin/legp504.exe?051+ful+CHAP0945>





## The public agenda – “state ask”

- Student access, including underrepresented populations
- Affordable education, regardless of family income
- Economic development
- Externally funded research
- K-12 education and student achievement





## The public agenda – “state ask” (continued)

- Broad range of academic programs
- High academic standards
- Student retention and progress toward a degree
- Uniform articulation agreements between two-year and four-year institutions



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# Operational autonomy

- Dispose of surplus property locally
- Contract with local building officials for building code review
- Acquire or convey easements
- Enter into operating lease for academic uses
- Make information technology purchases without prior approval of state CIO
- Designate administrative and professional faculty locally
- Certify SWAM vendors and authorize sole-source procurements locally
- **No change in tuition policy**



# Three levels of autonomy

Level 1 – All institutions receive base level of increased autonomy

Level 2 – Through a MOU, an institution may seek additional autonomy in another operational area

Level 3 – Through a management agreement, an institution can assume responsibility for multiple operational areas





## What's off the table

- Retirement – college and university classified employees remain in the state retirement system (faculty still have options)
- Health insurance – all employees remain in state health plan
- Workers compensation – all employees remain eligible for state program



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# Mechanics

- Board commitment to goals and transfer of authority for operational functions
- Submission of six-year plans
- Development of performance measures and respective institutional benchmarks
- Assessment and certification of progress toward state goals and identification of gaps



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# Six-year plans

- **Enrollment**
  - Enrollment targets negotiated between the state and institution
  - Based on statewide enrollment demand estimates
- **Academic**
  - Institutional plans to expand and improve instructional programs and student services
- **Financial**
  - Resources needed to meet enrollment targets and academic plans
  - Derived from state appropriations, tuition revenue, and other institutional sources
  - Gives policy makers glimpse of anticipated tuition increases given enrollment demands and academic priorities



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# Management agreements

- Highest level of operational autonomy
- Limited to institutions with demonstrated operational competence and high credit rating
- With freedom comes greater responsibility for state goals (economic development, working with public schools, articulation and transfer, student financial aid)
- Cannot be done in isolation – must be done in concert with other institutions and with state goals
- <http://leg1.state.va.us/cgi-bin/legp504.exe?061+ful+HB1502ER>





# Going forward

- Importance of coordinating function
- Ensure that the new reporting requirements are not more onerous than the administrative functions from which institutions have been freed
- Periodic review by policy leaders of state goals and performance gaps
- Involvement of business community in supporting state goals and institutional performance



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## Final thought

Ask not what the state can do  
for colleges and universities,  
but what colleges and  
universities can do for the state